

**REPORT OF THE AUDIT OF THE
FORMER ANDERSON COUNTY
SHERIFF**

**For The Period January 1, 2005
through April 30, 2005**



**CRIT LUALLEN
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE FORMER ANDERSON COUNTY SHERIFF

For The Period January 1, 2005 through April 30, 2005

The Auditor of Public Accounts has completed the Former Anderson County Sheriff's audit for the period January 1, 2005 through April 30, 2005. Based upon the audit work performed, the financial statement presents fairly, in all material respects, the revenues, expenditures, and excess fees in conformity with the regulatory basis of accounting.

Financial Condition:

The former Sheriff turned \$29,181 over to the new Sheriff on May 17, 2006.

Deposits:

The former Sheriff's deposits were insured and collateralized by bank securities.

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CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Anthony Stratton, Anderson County Judge/Executive
Honorable James E. Evans, Former Anderson County Sheriff
Honorable Troy Young, Anderson County Sheriff
Members of the Anderson County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of revenues, expenditures, and excess fees - regulatory basis of the former Sheriff of Anderson County, Kentucky, for the period January 1, 2005 through April 30, 2005. This financial statement is the responsibility of the former Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the former Sheriff's office prepares the financial statement on a regulatory basis of accounting that demonstrates compliance with the laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues, expenditures, and excess fees of the former Sheriff for the period January 1, 2005 through April 30, 2005, in conformity with the regulatory basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated August 10, 2006 on our consideration of the former Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



The Honorable Anthony Stratton, Anderson County Judge/Executive
Honorable James E. Evans, Former Anderson County Sheriff
Honorable Troy Young, Anderson County Sheriff
Members of the Anderson County Fiscal Court

This report is intended solely for the information and use of the former Sheriff and Fiscal Court of Anderson County, Kentucky, and the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these interested parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen
Auditor of Public Accounts

Audit fieldwork completed -
August 10, 2006

ANDERSON COUNTY
JAMES E. EVANS, FORMER SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS

For The Period January 1, 2005 through April 30, 2005

Revenues

State - Kentucky Law Enforcement Foundation Program Fund	\$	8,515
State Fees For Services:		
Finance and Administration Cabinet		4,304
Circuit Court Clerk:		
Sheriff Security Service	\$	7,802
Fines and Fees Collected	<u>520</u>	8,322
Fiscal Court		3,568
County Clerk - Delinquent Taxes		301
Commission On Taxes Collected		37,414
Fees Collected For Services:		
Auto Inspections	3,130	
Accident and Police Reports	27	
Serving Papers	6,465	
Carrying Concealed Deadly Weapon Permits	<u>4,030</u>	13,652
Other:		
Sheriff's Add-On Fee	33,727	
Courthouse Fees	2,710	
HB-413	2,607	
Returned Check Fee	<u>200</u>	39,244
Interest Earned		289
Borrowed Money:		
State Advancement		<u>32,571</u>
Total Revenues		<u>148,180</u>

The accompanying notes are an integral part of this financial statement.

ANDERSON COUNTY
 JAMES E. EVANS, FORMER SHERIFF
 STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS
 For The Period January 1, 2005 through April 30, 2005
 (Continued)

Expenditures

Operating Expenditures and Capital Outlay:

Personnel Services-

Deputies' Salaries	\$	64,924	
Part-Time Salaries		564	
Other Salaries		6,580	
Overtime		1,325	
KLEFPF Pay		6,616	\$ 80,009

Employee Benefits-

KLEFPF			1,540
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Contracted Services-

Advertising		196	
Vehicle Maintenance and Repairs		553	
Transcor - Prisoner Transport		514	
Telephone		1,287	2,550

Materials and Supplies-

Office Materials and Supplies		1,171	
Uniforms		553	1,724

Auto Expense-

Gasoline			4,222
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Other Charges-

Courthouse Fees		2,710	
Bond		406	
Postage		265	
Copier		522	
Carrying Concealed Deadly Weapon Permits		3,500	
Reimbursements for Transports		693	
Miscellaneous		221	8,317

Total Expenditures			98,362
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Net Revenues			49,818
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Less: Statutory Maximum			20,637
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Amount Due To Incoming Sheriff			29,181
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Amount Paid From Former Sheriff To Incoming Sheriff			29,181
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Balance Due at Completion of Audit			\$ 0
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The accompanying notes are an integral part of this financial statement.

ANDERSON COUNTY
NOTES TO FINANCIAL STATEMENT

For the Period January 1, 2005 through April 30, 2005

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of revenues over expenditures to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount, including excess fees, due from the Sheriff as determined by the audit. KRS 134.310 requires the Sheriff to settle excess fees with the fiscal court at the time he files his final settlement with the fiscal court.

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting revenues and expenditures are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive) at April 30 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for January through April services
- Reimbursements for January through April activities
- Tax commissions due from April tax collections
- Payments due other governmental entities for payroll
- Payments due vendors for goods or services provided from January through April

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

ANDERSON COUNTY
NOTES TO FINANCIAL STATEMENT
For the Period January 1, 2005 through April 30, 2005
(Continued)

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost-sharing, multiple-employer, defined benefit pension plan that covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members.

Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.48 percent. Hazardous covered employees are required to contribute 8 percent of their salary to the plan. The county's contribution rate for hazardous employees was 22.08 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report which is a matter of public record. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by telephone at (502) 564-4646.

Note 3. Deposits

The former Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the former Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the Sheriff's deposits may not be returned. The former Sheriff did not have a deposit policy for custodial credit risk but rather followed the requirements of KRS 41.240(4). As of April 30, 2005, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 4. State Advancement

The former Sheriff received \$32,571 in state advancements for the period January 1, 2005 through April 30, 2005. Upon his retirement, he remitted \$29,181 to the incoming Sheriff for this borrowed money. The current Sheriff received \$99,125 in state advancements. Total state advancements received during 2005 were \$131,696, all of which was repaid from the current Sheriff's account.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Anthony Stratton, Anderson County Judge/Executive
Honorable James E. Evans, Former Anderson County Sheriff
Honorable Troy Young, Anderson County Sheriff
Members of the Anderson County Fiscal Court

Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the statement of revenues, expenditures, and excess fees - regulatory basis of the former Anderson County Sheriff for the period January 1, 2005 through April 30, 2005, and have issued our report thereon dated August 10, 2006. The former Sheriff's financial statement is prepared in accordance with a basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the former Anderson County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the former Anderson County Sheriff's financial statement for the period January 1, 2005 through April 30, 2005, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.



Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and the Kentucky Governor's Office for Local Development and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

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Crit Luallen
Auditor of Public Accounts

Audit fieldwork completed -
August 10, 2006

